



Missouri Charter Public School Commission (MCPSC)
Closure Guide
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Part I: Introduction

MCPSC is Missouri's only sole-purpose, statewide sponsor of charter public schools. The Commission is a trustworthy leader in Missouri because of our unwavering commitment to just compliance and allowing schools to prove what's possible.

There is no easy way to do the hardest thing that charter public school sponsors must do: close schools that fail, for whatever reason, to deliver the quality education they committed to deliver in their performance contract.

This Guide provides everyone involved in the closure of a school the information they need to meet the letter and spirit of the requirements in Missouri law, Department of Elementary and Secondary (DESE) rules, and [Commission policies](#). Each closure involves unique circumstances and difficult choices. So, flexibility and courage are required of those involved, to do what is best for everyone affected.

The Guide covers each of four key elements of closure:

- Ensuring the strongest academic finish possible,
- Wrapping up school operations in an orderly manner,
- Submitting final data and reports, and
- Protecting the public's investment in education by appropriately disposing of assets.

In some cases, the nonprofit corporation may be dissolved.

The Guide includes the Commission's school closure process, roles and responsibilities of all parties involved, and expected outcomes. A Closure Checklist and sample plans and templates are attached to support stakeholders and ensure legal requirements are met during the closure process.

Part II: Roles and Responsibilities

This section explains the roles and responsibilities of the Commission, the closing school, the Closure Transition Team, and DESE.

Missouri Charter Public School Commission (MCPSC)

The Commission ensures that the best interests of students and families guide the closure process. The Commission advises and confirms that the students, families, and staff have all the information they need to navigate the

transition. Depending on the closure capacity and viability of the school, the Commission adjusts its role relative to that of other stakeholders in the closure process.

MCPSC will assign an independent school closure coordinator (SCC) who will lead the closure process and chair the CTT. The SCC will coordinate with the following entities:

- MCPSC staff
- Closure transition team (CTT)
- Student transition team (STT)
- Charter school governance
- Charter school leadership
- Charter school finance
- Charter school personnel

The SCC will track the steps toward closure and assure that the key individuals and groups responsible for tasks complete them in the required time frames.

The Closing School

The school's primary function is to continue educational services to all students until the last day of instruction. The school's secondary function is equally important: informing the school community about the closure and their options for the next school year. The school continues to complete reporting and other requirements to the Commission and DESE.

The school must satisfy all its financial obligations within a year of notice of closure from the Commission. Once those obligations are satisfied, the school must return any remaining state and federal funds to DESE. According to MCPSC policy, the LEA must keep the \$75,000 reserved for school closure until the nonprofit is dissolved.)

The school will assign appropriate individuals to sit on the closure transition team (CTT) and student transition team (STT). The STT's role is to focus on the transition of students from the closing school to their new school.

Missouri Department of Elementary and Secondary Education (DESE)

DESE works with the Commission to ensure the school meets all state and federal reporting requirements through the end of the school year. DESE informs all DESE staff of the closure of the school.

Part III: Process

This Guide and the accompanying Checklist provide a clear road map for the closure process. The Checklist has tasks organized by category. Some tasks are best done in order. But Closure Transition Teams can decide the order of operations that works best in the circumstances, keeping the transition for students, families, and staff paramount. Some items have start dates and/or deadlines established by state or federal law.

Generally, tasks related to the following scopes of work should be done by the deadlines listed below.

Scope of Work	Date/Deadline
Complete academic program.	End of school year
Wind down school operations.	June 30 (fiscal year end)
Submit final data and reports.	September 30 following closure
Satisfy all financial obligations.	12 months after notice of closure
If applicable, dissolve nonprofit corporation.	Within two years

Each scope of work is introduced below. Detailed tasks and instructional notes are provided in the Closure Checklist.

SCHOOL CAPACITY AND VIABILITY

At the start of closure, Commission staff assess the school's capacity for navigating the closure. Commission staff consider three critical questions in order to determine how to staff the Closure Transition Team and ensure the best available support for the school community through the closure:

1. Can the school provide quality educational services to its students for the remainder of its charter?
2. Does the school's board and leadership have the capacity to close the school? (See Appendix B.)
3. Does the school have the financial resources to effectively close the school? (See Appendix C.)

Depending on the answers to these questions, the Commission, the school's board and leader, and the School Closure Coordinator will collaboratively determine whether any contracted support services are needed to complete the closure. If necessary, the restricted closure reserve fund (\$75,000) will be used to cover such costs.

Managing Closure Procedures

A School Closure Coordinator will be selected by the Commission to lead the Closure Transition Team (CTT). The CTT is formed by the Coordinator and the Commission to oversee, coordinate, and communicate the necessary steps in the closure process.

A Student Transition Team (STT) is a subpart of the Closure Transition Team. The STT is focused entirely on ensuring students and families have resources and access to find high-quality educational options.

I. Ensuring the strongest academic finish possible

Timeline: completed by the end of the academic year

While providing educational services through the last day of school, the Closure Transition Team focuses on these goals:

- The board continues overseeing the school and holding leadership accountable.
- The school leadership continues to implement the school's educational program and meets all compliance requirements.
- All students are enrolled in a different school for the following year.
- Clear communications are made to all stakeholders, including through updated information on the school's website.
- Student records are digitized and provided to each family, the local school district, and the Commission.

The STT provides opportunities for students and families to visit other schools, assists with school selection and transfer, ensures school records get to the student's new schools, and tracks, student enrollment throughout the closure process.

Summer school is not part of the regular school year, so all instruction will end on the last day of the regular school year. Students may be able to attend summer school in the school they have chosen to attend in the next school year.

II. Wrapping up school operations in an orderly manner and submitting final data and reports.

Timeline:

- Operations completed by June 30 (end of the fiscal year)
- Data and reports submitted by September 30

The Closure Transition Team focuses on these goals while wrapping up operations:

- The board continues overseeing the school and holding leadership accountable.
- Final data and reports are submitted to the Commission and DESE.
- The school leadership completes an inventory of all assets.
- A plan for the disposition of all assets is established.
- Faculty and staff have documentation needed to transition employment.
- Employee personnel records are digitized and provided to employees and the Commission.

If the school is managed pursuant to a management agreement, the school board will begin the process of terminating the management agreement.

III. Protecting the public's investment in education by appropriately disposing of assets.

Timeline: 12 months after notice of closure

The Closure Transition Team focuses on these goals to protect the public's investment in education:

- The board ensures that an audit is completed for the final year of operations and that final financial statements are provided to the Commission regarding any financial transactions beyond the scope of the last audit.
- The school leadership, working with its finance team, closes out grants, and completes required end of year reports.
- Assets are disposed under the oversight of the Commission.
- After financial obligations are satisfied, the school returns any remaining state and federal funds to DESE.

Key Terms and Definitions

Closure Plan: A thorough work plan detailing actions needed and/or required for closing a school, complete with timelines and identification of responsible parties.

Closure Transition Team (CTT): A group of specific stakeholders, determined by the sponsor's policy, selected to lead the school through the closure process.

Dissolution of the nonprofit corporation: The nonprofit operating the charter school may choose to dissolve itself if it is not going to carry on any other activities as a Missouri nonprofit corporation. State law dictates how that dissolution occurs

Non-renewed Charter: A school may close at the end of its current charter if the sponsor does not renew the performance contract and if the school does not secure a new charter from a different sponsor.

Missouri Department of Elementary and Secondary Education (DESE): Missouri's state education agency (SEA) which works under the direction of the Missouri State Board of Education (SBOE).

School Closure Capacity: This term indicates the current capacity of the school's board and leadership to effectively manage the school closure.

School Closure Coordinator (SCC): The person selected by the Commission to lead the Closure Transition Team.

School Closure Viability: This term indicates whether the school has the financial resources to operate through the end of its final school year and through dissolution.

Sponsor: The entity responsible for approving the creation of new charter public schools, holding existing schools in its portfolio to their legal and contractual obligations, and, when necessary, taking action up to and including school closure. A sponsor does not dictate governance, educational, or operational decisions for the school.

State Board of Education (SBOE): The state appointed officials responsible for setting policy and overseeing accountability for all public schools in Missouri.

Student Transition Team (STT): A team that manages closure communication with students and families and manages enrollment activities. The team

usually includes school leadership and dedicated outside partner organizations. It tracks and reports student enrollment decisions throughout the closure process.

Voluntary Closure of a Charter: The governing board of a charter school may voluntarily decide to close the school at the end of the school year or choose not to seek renewal of its current performance contract.

Appendix A

SCHOOL CLOSURE CAPACITY ASSESSMENT

These Closure Capacity Assessments provide for an initial determination of the level of cooperation that the sponsor can anticipate from the school for the closure process and, equally important, the school's current capacity to manage the work of closure effectively.

Implementation. The indicators are based information and knowledge that the sponsor should have based on its ongoing engagement with the school.

Timing. A sponsor can conduct this assessment even before making a closure decision. The sponsor should consider conducting this assessment as soon as the prospect of a closure decision becomes likely, and in any event, within a few days of making the decision.

Required capacity. The sponsor should be able to complete the assessment based on existing staff knowledge and experience. It can be completed individually by sponsor leadership or collaboratively by the sponsor staff.

Duration. 1 hour (including staff discussion/input).

Ratings. The ratings are qualitative. A finding of "Definitely" indicates a sponsor's being able to rely on school collaboration/cooperation. A finding of "Not at All" indicates a sponsor's need to assume an absence of school cooperation or capacity. A finding of "Mixed/Partial" means that the indications are mixed or that different school constituencies (e.g., board, leadership, staff) are likely to have distinctly different orientations to the closure.

WILL THE SCHOOL BE COLLABORATIVE?

Statement	Assessment		
	Definitely	Mixed/ Partial	Not at All
The school recognizes that closure is necessary.			
The board and school leadership are well coordinated and aligned. ²			
The board and leadership are responsive as evidenced by willingness to meet in a timely fashion and participate constructively in projects.			
The school leader effectively makes all of the decisions.			
I or someone on my team has rapport with school leadership (management) and a solid foundation for cooperation. ³			
The board is engaged and handles governance responsibly.			
I or someone on my team has rapport with board leadership (chair, treasurer, executive committee) and a solid foundation for cooperation.			
The school organization has incentive to maintain a good reputation independent of what happens to this school. ⁴			
School and board leadership have reputational incentives to cooperate on school closure. ⁵			
Historically, the school has been responsive and cooperative in working with me and my team. ⁶			
School leadership has positive relationships with students and families indicating commitment to their well-being.			
School leadership is motivated primarily by the educational interests of the children. ⁷			

Staff follow the school leader's direction and are unlikely to listen to anyone else.			
The board's legal counsel (or lawyer on the board) is likely to be a constructive influence for orderly closure.			
The school is likely to pursue whatever legal and political challenges to closure are available.			

- ¹ To what extent does school leadership and the board acknowledge that whatever issues you have identified as the basis for closure (e.g., financial viability, academic outcomes) are valid expectations and that performance is a serious problem?
- ² Do the school's board and leadership generally work and communicate well together? Are they aligned on key issues? Or have they historically been at odds with each other?
- ³ Personal relationships may be extremely important to the degree of school cooperation and should inform who the sponsor tasks with leading key conversations and driving the work.
- ⁴ Does the nonprofit organization have other activities in the community for which its ongoing reputation is important? To what extent does the school have relationships with funders, other community organizations, etc. that create incentive for cooperation?
- ⁵ To what extent do key individuals have relational, reputational, and political incentives to be cooperative?
Conversely, do they have incentives to be combative?
- ⁶ As a sponsor, how would you characterize your history of interaction, particularly with current school leadership?
- ⁷ Notwithstanding the performance issues, does the school's leadership seem generally motivated by an interest in providing children better educational opportunities?

Sponsor action

The more clearly that the responses indicate the likelihood of a **collaborative closure**, the more that the sponsor can

- Expect the school to take **lead responsibility for closure communications** work, with the sponsor's primary role being support (e.g., providing exemplars) and verification (ensuring that necessary communications go out in a timely fashion).
- Trust the school to provide you the **access needed to verify** that operational (e.g., transfer of student records, property disposition) and financial (e.g., paying

creditors, financial wind down) aspects of the closure are proceeding appropriately.

- Expect to proceed on a closure timeline dating from the sponsor's closure decision.
- Keep DESE informed **without needing active DESE support**.

The more clearly that the responses indicate the likelihood of an **adversarial closure**, the more that the sponsor **should**

- Plan to establish **direct and regular sponsor communications** with key stakeholders (e.g., parents, staff, funders).
- Assume a **direct management** role for operational work (e.g., the closure coordinator directly manages the organization and transfer of student records and the inventory and disposition of assets).
- Assume a **direct management** role for the financial wind down (e.g., review and prior approval of expenditures outside an approved closure budget; approval of closure audit firm).
- Solicit **active DESE support** for the decision.
- Plan for the possibility of a **delayed closure process** pending resolution of administrative and legal proceedings.

WHAT IS THE SCHOOL'S CAPACITY TO DO CLOSURE WORK WELL?

Statement	Assessment		
The school communicates clearly, regularly, and openly with families.			
The school communicates clearly, regularly, and openly with staff.			
The school communicates clearly, regularly, and openly with other stakeholders (e.g., funders, community partners).			
	Operations		
The school has a solid record on school operations (e.g., transportation, food service) and compliance (e.g., SPED).			
School records are kept in an orderly and easily accessible way.			
The school has someone on staff (e.g., COO, Director of Operations) with strong organizational skills who is likely to manage operational aspects of closure (e.g., property inventory, student records) effectively.			
	Finance		
Accounting records and financial reports to the governing board and sponsor have historically been timely, complete, reliable.			
Final annual independent audits (income statements particularly) have generally aligned with unaudited quarterly (Q4) financials.			
Annual independent audits have been clean, generally devoid of material conditions or weaknesses — including having no significant internal control weaknesses — and have not restated the prior year or prior years' income statements and/or balance sheets.			
The board and leadership have routinely tracked, reviewed, and addressed budget-to-actual variances, especially variances directly related to enrollment. In other words, the board and leadership have demonstrated the ability to manage to budget and to work within available financial resources.			
The school or CMO Chief Financial Officer or equivalent (i.e., contracted financial services provider) has been with the school for at least two years, has a thorough understanding of the school's finances, and has proven competent and reliable.			
The governing board includes a Treasurer, Finance Committee chair, or someone with thorough understanding of the school's finances.			
The school closely tracks year-to-date financial performance in relation to the current board-approved (original or revised) budget.			

Sponsor Action

If ratings indicate that the school has capacity to do closure work effectively in the area identified (Communications, Operations, and/or Finance), then the sponsor **can**

- Expect the school to take lead responsibility for closure operations work, with the **sponsor's primary role being support** (e.g., providing guidance and exemplars) and **verification** (e.g., reviewing to ensure student records are complete, verifying transfer of records).
- Expect the school to provide **access to information needed to appropriately monitor** operational (e.g., transfer of student records, property disposition) and financial (e.g., current financials) aspects of the closure.
- Expect to proceed on a closure timeline dating from the sponsor's closure decision.
- Keep DESE informed **without needing active DESE support**.

The more clearly that the ratings indicate a **lack of school capacity**, the more that the sponsor **should**

- Assume a **direct management** role for operational work (e.g., the SCC directly manages the organization and transfer of student records and the inventory and disposition of assets).
- Assume a **direct management** role for the financial wind down (e.g., review and prior approval of expenditures aligned to an approved closure budget; approval of closure audit firm).
- Solicit **active DESE support**, particularly around distribution of additional per pupil revenues and management of school expenditures.

Appendix C

SCHOOL CLOSURE VIABILITY ASSESSMENT

WHAT IS THE SCHOOL'S FINANCIAL STATUS?

PRELIMINARY ASSESSMENT

This Closure Viability: Preliminary Assess provides for an initial determination of a school's financial condition and trends in the context of a closure decision. It is designed to help the sponsor make a preliminary judgement about the school's financial viability and the likelihood of the school being able to operate through the end of its final school year and through dissolution based on currently available information.

IMPLEMENTATION. The indicators are based on financial information that should already be in the sponsor's possession, such as independent financial audits from previous years and quarterly unaudited financial statement and reports from the current year.

TIMING. A sponsor can conduct this assessment even before making a closure decision. The sponsor should consider conducting this assessment as soon as the prospect of a closure decision become likely, and in any event, within a few days of making the decision.

REQUIRED CAPACITY. The sponsor should be able to rely on the same level of finance expertise it uses to review independent audits and other school financial reports.

DURATION. 1 to 4 hours.

Indicator	Standard	Assessment			Notes
Results Indicate:		Met	Not Met	Anomaly	
Unrestricted days cash (according to the most recent independent audit, most recently submitted unaudited financial statements, and/or bank statement reconciliations).	At least 60 days' unrestricted cash.				
The school's financial performance based on the most recent audited financial statements and quarterly financial reports submitted to the sponsor.	Satisfactory performance based on sponsor's criteria (i.e., financial performance framework standards).				
Financial performance	The school has performed satisfactorily on sponsor financial performance standards and/or is trending positively toward meeting unmet standards.				
Loan status	The school has consistently met all loan covenant requirements and lender and funder financial performance standards, and is not now, and has not been, in debt default status				
Unrestricted fund balances	Positive at the end of the two most recent fiscal years and per most recent unaudited financial statements submission.				

Net income and cash flow from last two audited fiscal years	The school has reported net income (surpluses) and positive cash flow in each of the last two audited fiscal years.				
The school has an adequate <i>restricted</i> closure reserve. ¹	\$75K <i>restricted</i> closure reserve. ²				
Enrollment history	The school has historically met its budgeted enrollment targets, including in the current school and fiscal year				
Student Transfer history	The school has historically had stable or net positive student transfer rates.				

WHAT IS THE SCHOOL'S FINANCIAL STATUS?

A DEEPER DIVE

This Closure Viability: Deeper Dive provides for a more thorough analysis of the school's financial condition. It is designed to aid the sponsor in making a judgment about the school's financial viability through the end of the school year and through dissolution. The results should inform sponsor actions that may be necessary to preserve or protect the school's financial resources and/or to manage the school's operation through the end of the school year.

Implementation. The Deeper Dive indicators require the sponsor to examine financial information that may not be part of regular school reporting or outdated, or which prove on review to be incomplete or erroneous. A sponsor's ability to obtain the necessary information may depend on cooperation from the school. The sponsor needs the school to produce relevant reports and documents; to meet with the sponsor's designated finance official; and in some cases, to provide direct access to the school's internal financial and accounting records, including bank account information. In the absence of school cooperation, the sponsor may need to make judgments based on the Preliminary Assessment.

Timing. The sponsor should initiate this assessment immediately following the closure decision or as soon as the Preliminary Assessment indicates that a Closure Viability: Deeper Dive is warranted.

Required Capacity. Analysis requires charter school accounting and financial management experience and expertise.

Duration. 6-8 hours once the necessary records and documents are available.

Ratings. A finding of "Met" indicates that the school is meeting a specific standard and hence that standard per se is not an indicator of serious financial weakness or instability. A finding of "Not Met" means that the school does not meet a specific standard and could indicate serious financial weakness or instability. A finding of "Anomaly" means that the school appears to meet the standard but that the sponsor is aware of trends, recent developments or extenuating circumstances suggesting financial weakness or emerging instability that warrant immediate attention and inquiry.

¹ If the funds have been budgeted but have not been restricted for closure, then their existence on paper in the budget may not be a reliable indicator of their actual availability.

² This requirement should be incorporated into the charter contract. Tandem Learning has developed accompanying guidance regarding incorporation of recommended sponsor expectations into the charter contract.

Indicator	Standard	Assessment			Notes
Results Indicate:		Met	Not Met	Anomaly	
Unrestricted fund balance at the end of the most recently audited fiscal year (or per the most recent unaudited financial statements).	Positive unrestricted fund balance equal to or in excess of current liabilities.				
Unrestricted days cash (according to the most recent independent audit, the most recently submitted unaudited financial statements, and/or bank statement reconciliations).	At least 60 days' cash				
Current ratio (according to the most recent independent audit or the most recently available unaudited financial statements).	>1.0				
Current net income and cash flow	The school is tracking toward a surplus and/or positive cash flow in the current fiscal year.				
Current liabilities (i.e., accounts payable to vendors, employee withholdings, insurance premiums, retirement fund or 401k contributions, etc.). ³	The school is on time with payment terms or requirements.				
Payroll and contractual obligations	The school appears to be financially viable enough to meet all obligations through the end of the current school and fiscal year to school employees and consultants providing essential programmatic, financial, and/or operations support on a contract basis.				

³ Current liabilities also shows whether the school has been incurring additional interest charges due to late payments on accounts payable generally due within 30 to 45 days -- another indicator of financial instability.

Long-term debt	The school has made all debt service payments on time in the current fiscal year and is likely to make all remaining current year payments on time (based on available cash and other financial performance indicators).				
Long-term debt coverage	The school has unrestricted reserves (or a restricted debt service coverage reserve) sufficient to cover debt obligations in the event of closure or insolvency.				
Long-term debt (facilities-related or otherwise) -- specific concerns. ⁴	<i>Indicators of anomaly or concern:</i> The school holds long-term debt with more than one capital provider;				
	One or more debt balloon payments come due in the current or next fiscal year; OR The school has renegotiated or refinanced debt terms within the last two years or has recently been trying to do so.				

⁴ Provides information regarding senior and subordinate lenders, first or priority rights to repayment in the event of default.

The school has an approved line of credit.	<i>Indicators of anomaly or concern:</i> The line of credit is fully drawn down. Repayment of the line of credit is past due. Repayment of the line of credit is due this fiscal year. The school has had to extend or renegotiate repayment of the line of credit within the last two years.				
Current enrollment	Current year enrollment and attendance (for funding purposes) align with, or are within 10% of, current board-approved budget enrollment and attendance assumptions.				
Current year enrollment and ADA	Enrollment and ADA for the current year align with recent and/or historical enrollment trends.				
Budgeting for unanticipated revenues and/or costs.	The board-approved budget for the current fiscal year has been revised to include or account for unanticipated revenues (such as CARES Act and PPP), enrollment shortfalls, funding cuts, and/or unbudgeted or unanticipated expenditures (such as pandemic-related re: facilities, transportation, providing virtual learning, etc.), or other contingencies.				

Budgeting as a going concern	The board-approved budget (original or revised) for the current fiscal year assumes a deficit and/or a significant decrease in unrestricted cash at year's end.				
Default	The school is not in technical default on one or more covenants, financial ratio or reserve requirements, or other terms of existing debt or contractual obligations.				
Loan performance	The school has not received waiver for failure to meet one or more loan financial performance standards or loan covenants in the most recent and/or previous fiscal year.				
Accounts payable	The school maintains an aging accounts payable (to include vendors), a report that is available and has historically been accurate; AND Accounts payable management has not been flagged as an internal control weakness or material condition by independent auditors within the last two fiscal years; AND The aging accounts payable report does <i>not</i> indicate for the current fiscal year a substantial increase in payables either past due; or moving from <30 days due to 30 to 60 days due; or >60 days due.				

Unanticipated revenue	In the current or prior fiscal year, the school's financial viability has not depended primarily on one-time only or non-recurring, non-entitlement financial infusions (such as CARES Act and PPP funds and loans).				
IRS Compliance	<i>Triggers of anomaly or concern:</i> The school is engaged in or subject to IRS audits, state audits or investigations, or pending litigation that has the potential of exposing the school financially.				

Sponsor Action

If the ratings indicate that the school's financial records have been adequately maintained and are reliable, and that the school is likely to be financially viable through the end of the school year and through dissolution, and if no major red flags or previously unknown financial specific issues emerge from this assessment, then

- The school probably has both the financial management capacity and sufficient financial resources to sustain operations through the end of the school year and dissolution.
- Lenders and creditors can be notified of the school closure decision and that the school expects to meet its current financial obligations.
- If the school is cooperative and has financial management capacity, the sponsor can plan to retain an oversight (rather than direct management) role for financial wind down including regular communication with the school, ongoing monitoring of finances, and verification of expenditures in relation to the approved budget.

If the ratings indicate that the school's financial records are not up-to-date, incomplete or unreliable; sufficient financial management capacity and/or oversight is lacking; or it is likely or certain the school may not be financially viable through the end of the school year and/or through dissolution, then the sponsor should or can take the following actions:

- Consider engaging immediately external financial expertise to develop a closure budget that anticipates the school's inability to pay all financial obligations and therefore prioritizes expenditures in accordance with applicable statutes, contracts, lease or loan documents, etc.
- Engage DESE to support the sponsor's financial intervention in the school's financial wind down including authority to approve all expenditures.
- Exercise authority in the charter contract to manage expenditures, preferably through a sponsor-controlled reimbursement mechanism.
- Either directly communicate or closely monitor communications with vendors, lenders, creditors, and other external financial stakeholders (to include funders).